

RP00-229 ACCEPTED 4/26/00

TENNESSEE GAS PIPELINE COMPANY
FERC Gas Tariff
FIFTH REVISED VOLUME NO. 1

Fifth Revised Sheet No. 405B
Superseding
Fourth Revised Sheet No. 405B

GENERAL TERMS AND CONDITIONS (continued)

5.3 Reservation Payments

For service that Bidder does not propose to commence within sixty (60) days after the close of the open season, Transporter, in its determination of the NPV of a bid, will consider all non-refundable reservation payments proposed to be paid by the Bidder, if awarded the capacity, related to the period prior to when the service commences, provided that the proposed reservation payment is not less than the value of two (2) months of the proposed service. In the event a Bidder does not submit a bid with a successful NPV or submits a bid that is otherwise unsatisfactory to Transporter, Bidder shall have no obligation to tender any reservation payments to Transporter. For a Bidder proposing a reservation payment with its bid, the NPV calculated for the bid may not exceed the NPV cap set forth in Section 5.2.

5.4 Electronic Contracts

Within two (2) business days after the close of the open season, Transporter shall post a notice on PASSKEY identifying the Successful Bidder(s), if any, along with the NPV analysis that it employed in determining the successful bid. The notice shall constitute Transporter's contractual signature signifying an acceptance of Bidder's bid and shall consummate a binding contract between the parties. Transporter shall also electronically transfer to the Successful Bidder(s) via PASSKEY (or via another medium if the Successful Bidder(s) is not connected to PASSKEY) the applicable Service Agreement, as set forth in Transporter's FERC Gas Tariff, with the agreed upon terms and conditions contained therein. Within fifteen (15) days after the Service Agreement is electronically transferred to the Successful Bidder(s), the Successful Bidder(s) shall execute on-line the Service Agreement. If a Successful Bidder(s) fails to execute on-line the Service Agreement, or return via facsimile an executed Service Agreement to Transporter within fifteen (15) days after such Service Agreement is electronically tendered, Transporter may in its discretion determine that such bid(s) remains binding pursuant to the electronic contract, or determine that such contract(s) has been terminated pursuant to the provisions of Section 5.5. If such contract(s) is so terminated, Transporter shall be entitled to collect and retain any Reservation Payments offered by Bidder(s) pursuant to Paragraph 5.3.

5.5 Binding Nature of Bids

All bids received during the open season remain binding on all Bidders through the end of the open season unless withdrawn by the Bidder through the same medium on which its bid was submitted; provided, however, that a Bidder may withdraw its previous bid and submit a bid with a higher NPV during the open season, but neither Bidder (nor an affiliate of Bidder) may submit a bid with a lower NPV. At the end of the open season, all bids either withdrawn by the Bidder or not accepted by Transporter as set forth in Section 5.4 above shall become null and void. If the Successful Bidder does not execute the Service Agreement pursuant to the procedures provided in Section 5.4, Transporter may, pursuant to such procedures, elect to offer the capacity to the next acceptable

Issued by: Jake Hiatt, Agent and Attorney-in-Fact
Issued on: March 31, 2000

Effective: May 1, 2000